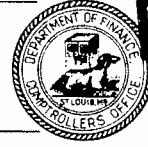




OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN
Comptroller

DR. KENNETH M. STONE, CPA
Internal Audit Executive

Internal Audit Section

Carnahan Courthouse Building
1114 Market St., Room 642
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

September 13, 2011

Ms. Marva Miller
UJAMAA Community Development Corporation
And Black Family Land Trust
3033 N. Euclid Avenue
St. Louis, MO 63113

RE: Community Development Block Grant (CDBG) (Project #2011-CDA25)

Dear Ms. Miller:

Enclosed is a report of the fiscal monitoring review of the UJAMAA Community Development Corporation and Black Family Land Trust, a not-for-profit organization, CDBG & CDBG Programs for the period January 1, 2010, through December 31, 2010. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of UJAMAA Community Development Corporation and Black Family Land Trust. Fieldwork was completed on July 8, 2011.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis, Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Respectfully,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA



CITY OF ST. LOUIS CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**UJAMAA COMMUNITY DEVELOPMENT CORPORATION AND
BLACK FAMILY LAND TRUST, INC.**

**CONTRACT #10-31-74 AND #CDBGR-1
CFDA #14.218**

**FISCAL MONITORING REVIEW
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

PROJECT #2011-CDA25

DATE ISSUED: SEPTEMBER 13, 2011

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
UJAMAA COMMUNITY DEVELOPMENT CORPORATION AND
BLACK FAMILY LAND TRUST, INC.
FISCAL MONITORING REVIEW
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

TABLE OF CONTENTS

Description	Page(s)
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Responses	2
SUMMARY OF OBSERVATIONS	
Conclusion	3
Status of Prior Observations	3
A-133 Status	3
Summary of Current Observations	3
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES	4 - 9

INTRODUCTION

Background

Contract Name: UJAMAA Community Development Corporation and Black Family Land Trust, Inc.

Contract Numbers: 10-31-74 and CDBGR-1

Contract Periods: January 1, 2010 through December 31, 2010 (10-31-74)
September 1, 2009 through September 30, 2012 (CDBGR-1)

CFDA Number: 14.218

Contract Amounts: \$126,009 (10-31-74)
\$260,000 (CDBGR-1)

These contracts provided Community Development Block Grant (CDBG) funds to UJAMAA Community Development Corporation and Black Family Land Trust, Inc. (Agency) to combat physical deterioration of existing housing and improve the economic well-being of all residents in the Wells-Good fellow, Mark Twain, Walnut Park, Kingsway East & West, and Penrose neighborhoods. In addition, the Agency utilized development strategies that included increasing home ownership, removal of condemned properties, renovation and rehabilitation of vacant units, development of new units and recruitment of investment partners.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period January 1, 2010, through December 31, 2010, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on July 8, 2011.

Exit Conference

The Agency was offered the opportunity for an exit conference but it was declined.

Management's Responses

Management's responses to the observations and recommendations noted in the report were received from the Agency on September 6, 2011. These responses have been incorporated into this report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local CDA requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2010-CDA35, issued December 3, 2010, noted the following observation.

- Opportunity to complete program objectives (Repeated)

A-133 Status

According to a letter received from the Agency dated June 8, 2011, it did not expend \$500,000 or more in federal funds in its fiscal year ended December 31, 2010, therefore, was not required to have an A-133 audit.

Summary of Current Observations

Recommendations were made for the following observations, which if implemented, could assist the Agency in fully complying with federal, state and local CDA requirements.

1. Opportunity to comply with the CDA cash retention policy – questioned costs \$19,600 (\$16,000+\$3,600)
2. Opportunity to complete program objectives (Repeated)
3. Opportunity to improve board oversight
4. Opportunity to submit financial and programmatic reports timely

**DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES**

**1. Opportunity To Comply With CDA Cash Retention Policy - Questioned Costs
\$19,600 (\$16,000+\$3,600)**

For contract CDBGR-1, the Agency claimed and received reimbursement on November 23, 2010 for \$16,000 from CDA for invoice #21732 from RJP Electrical Contractors (Vendor). However, the reimbursed amount was held in the Agency's checking account for more than three days before it was disbursed to the Vendor in two installments as follows:

Check #	Check Date	Amount	Days From Reimbursement Date
1053	December 20, 2010	11,000	28
1149	February 11, 2010	5,000	81
Total		16,000	

In addition, the Agency held a reimbursement from CDA for \$3,600 for an invoice submitted by Landmark Association of St. Louis for eight days before making the payment. The reimbursement was received on February 7, 2010 while the Agency's check for \$3,600 issued to the Vendor was dated February 15, 2010.

CDA policy requires Agency to disburse CDBG funds within three working days upon receipt, or return the funds immediately to the Comptroller's Office if the funds cannot be disbursed. Funds should be requested only for the immediate cash needs of an operating Agency.

The Agency did not have a system of internal control in place to ensure compliance with the CDA grant funds cash retention requirements.

Non-compliance with the CDA policy on cash retention may result in having subsequent reimbursements delayed or suspended. It could also result in termination or suspension of the grant agreement.

Recommendation

It is recommended that the Agency

- Implement a system of internal control to comply with the CDA policy on cash retention
- Return the \$19,600 to the City of St. Louis Comptroller's Office for the CDA reimbursements not disbursed within three working days upon receipt.

1. Continued...

Management's Response

UJAMAA has started preparing checks within a day of receipt and deposit. Additional signatures have been added to the bank accounts so that funds can be disbursed within three working days of receipts.

2. Opportunity To Complete Program Objectives (Repeated)

The grant contract agreement #10-31-74 required the Agency to complete the following objectives:

1. To expand the supply of decent, safe and affordable occupied housing by rehabbing approximately five homes for low to moderate-income persons within the First Ward.
2. To combat community deterioration by promoting stability, growth, and development of two neighborhood programs within the First Ward.
3. To promote the First Ward to residents, commercial businesses and developers.
4. To further develop and implement a Targeted Management Assistance Program for approximately 25 housing units or vacant parcels within the First Ward of the City.

In addition, the Agency was required to notify CDA upon determining that an objective will not be completed by the end of the contract period.

However, the CDA programmatic/compliance monitoring visit report dated April 18, 2011, determined that the Agency was not able to complete contract agreement objectives one, three, and four as follows:

- Only two homes were rehabbed (Objective #1).
- The first ward was not successfully promoted to the residents, commercial businesses and developers (Objective 2).
- The targeted management Assistance Program was utilized for only ten percent of the approximately 25 housing units or vacant parcels within the First Ward as required by the grant contract.

In addition, the Agency did not provide to CDA a detailed Performance Improvement Plan outlining the steps the organization will take to ensure timely completion of the stated objectives as was required by the contract. Furthermore, the Agency did not notify CDA, as required by the contract, upon determining that an objective will not be completed by the end of the contract period.

The Agency did not have a system of internal control in place to ensure compliance with the terms and conditions of the grant contract agreement. Non-compliance with all of the terms and conditions of the work programs of the CDBG contract agreement may result in:

2. Continued...

- Withholding of contract awards
- Suspension of contract
- Withholding of reimbursement or payments
- Refusal to accept proposal
- Disqualification from eligibility to receive future CDBG funds

Recommendation

It is recommended that the Agency implement a system of internal control to ensure compliance with the terms and conditions of the contract. For instance:

- Prepare and submit a detailed Performance Improvement Plan which will outline the steps to be taken to ensure timely completion of the stated objectives
- Complete in timely manner the objectives outlined in the contract.

Management's Response

UJAMAA is working to comply with the program objectives. Listed below are accomplishments towards the program objectives.

Expand the supply of decent, safe and affordable occupied housing by rehabbing approximately five homes for low to moderate-income persons within First Ward.

UJAMAA has rehabbed two homes and the following steps are being taken to rehab two additional homes located at 4901 Penrose and 4917 Penrose:

Ujamaa staff has had several meetings with RHCD, ARB contractor, CDA Monitor, and Residents regarding the Penrose Properties. The team walked through the properties in order to find ways to reduce the cost of the project. Listed below are the progress made and our next steps.

- *Budgets were submitted for review in August 2011, and have been reviewed by CDA*
- *The team is working on plans that will meet the project objectives and the budget limits by October 2011*
- *Regular meetings are planned to assure goals are being met within the timeline*
- *Contractor (ARB) is to provide additional building information by September. This will include a listing of required documents, development forms, and a timeline*
- *The Board of Director's will provide insight during this process*
- *A closing date for the project has not been set*

To combat community deterioration by promoting stability, growth, and development of two neighborhood programs in the First Ward; and to promote the First Ward to residents, commercial businesses and developers.

2. Continued...

The following has been done to meet these objectives:

During the months of June, July and August 2011, UJAMAA and St. Louis University Students in the School of Public Health visited the grocery providers in the First Ward to help develop programs to produce health eating And intake for the community.

The UJAMAA staff has recruited 4 Volunteers who are planning activities to begin in the first ward in 2011 and quarterly forums to discuss community safety, health, and educations issues faced by the ward.

UJAMAA is partnering with UMSL Home Repair Network to assist in the need of the First Ward residents as we continue to combat the deterioration in our neighborhoods.

3. Opportunity To Improve Board Oversight

Based on the review of Agency's records, the board of directors only met once during the year ended December 31, 2010. The board of directors meeting was held on March 11, 2010. However, the minutes of the meeting were not recorded.

Article IV, Section 7 of the Agency's by-laws require the board of directors to hold an annual meeting on the 1st Saturday in November; and also hold regular meetings quarterly.

The Agency did not have a system of internal control in place to ensure compliance with the requirement of the Agency's bylaws to hold quarterly and annual board meetings.

Lack of regular board meeting may cause the Agency in not meeting the objectives of the grant contract, which ultimately may result in termination of the grant agreement.

Recommendation

It is recommended that the Agency:

- Comply with the Agency's by-laws by holding the quarterly and annual board meetings
- Ensure that discussions at the meeting are documented

3. Continued...

Management's Response

UJAMAA has scheduled its quarterly board meeting for September 6, 2011 at 7:00 p.m. At that meeting the Board members will be presented a calendar of scheduled quarterly meeting for the 2011 and 2012. Also, the Annual Board of Directors November meeting will be confirmed at this meeting. Staff of UJAMAA will be in attendance at the meeting to record the minutes.

4. Opportunity To Submit Financial And Programmatic Reports Timely

The Agency submitted all financial reports late to CDA. All of the financial reports due on contracts #10-31-74 and #CDBGR-1 were submitted on June 8, 2011 and June 9, 2011 respectively. The reports were submitted late in the range of 149 to 483 days for contract #10-31-74; and 150 to 505 days for contract #CDBGR-1.

The programmatic reports for contract #10-31-74 for the period January 1, 2010 through December 31, 2010 were all submitted late in the range of 3 to 243 days. For contract #CDBGR-1, the Agency only submitted one programmatic report for the quarter ended December 31, 2010. The report was dated January 19, 2011.

For contract #10-31-74, the financial reports are due no later than the 10th calendar day following the reporting month. Contract #CDBGR-1 requires the financial reports to be submitted no later than the fifth calendar day following the reporting month.

The contract agreements further require the Agency to furnish CDA with two copies of complete and accurate programmatic reports for each program as follows:

For contract #10-31-74, the reports are due the 10th of the month following the monthly reporting period. For contract #CDBGR-1, the reports are due on the fifth calendar day of the month following the quarterly reporting period.

The termination of the executive director and subsequent resignation of the housing analyst affected the Agency's ability to prepare and submit the required financial and programmatic reports within the due date.

Failure to comply with the contract terms and conditions pertaining to financial and programmatic reporting may result in penalties and sanctions being imposed upon the Agency. These may include but not limited to:

- Withholding of contract award
- Suspension of contract
- Withholding of reimbursement of payments
- Disqualification of the Agency from eligibility for providing good and services to the City for a period not to exceed one year

4. Continued...

Recommendation

IAS recommends the Agency ensure that monthly financial and quarterly programmatic reports for all programs are prepared and submitted to the Comptroller's Office and CDA when due.

Management's Response

All monthly financial reports and quarterly programmatic reports are current. They have been prepared and submitted.